REMARKS

Claims 1-9, 26-32, and 40 are currently pending in the application. Claims 10-25, 33-39 and 41-49 were previously canceled. Claim 9 is amended. Applicants respectfully request reconsideration of the pending claims in view of the following remarks.

Claim Rejections – 35 U.S.C. §112

The Examiner rejected Claims 1-9, 26-32, and 40 under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. The Examiner indicates that "[i]n particular, claims 1 and 9 [are] rejected … because the specification does not provide a written description disclosure to support the claimed limitation of 'inputting the credit bureau data and the account information to a risk model' (emphasis in original).

Applicant respectfully disagrees. The specification discloses a risk model at least on page 6, lines 10-27 and page 16, line 30 – page 25, line 25. More specifically, page 6 of the specification indicates that "the scoring model module 44 includes software that takes either some [or] all of the data acquired by the application server 22 and the modules 26, 30, 34, 38, and 42 connected thereto and provides a score or scores for each applicant based on an algorithm that defines a risk model." Accordingly, the subject matter noted above is disclosed in the specification, and Applicants respectfully request the Examiner to withdraw this rejection.

Claim Rejections – 35 U.S.C. §101

The Examiner rejected Claims 9 and 26-32 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

Applicant respectfully disagrees. According to the recent U.S. Court of Appeals for the Federal Circuit opinion in *In re Bilski*, the test to determine whether a process is patentable subject matter under 35 U.S.C. § 101 is whether the invention 1) is tied to a particular machine or apparatus; or 2) transforms a particular article into a different state or thing (the "machine-or-transformation" test). As noted in the preamble and body of independent Claim 9, the claimed invention is tied to a computer. Therefore, Claims 9 and 26-32 include statutory subject matter in accordance with 35 U.S.C. § 101.

Accordingly, Applicant respectfully requests the Examiner to withdraw this rejection.

Claim Rejections – 35 U.S.C. §103

The Examiner rejected Claims 1-9, 26-32 and 40 under 35 U.S.C. § 103 as being unpatentable over U.S. Patent No. 6,088,686 ("Walker") in view of U.S. Patent No. 6,119,103 ("Basch").

Walker does not disclose the subject matter of amended independent Claim 1. More specifically, Walker does not disclose a computer-implemented method of automatically evaluating a financial account applicant for a financial institution comprising inputting the credit bureau data and the account information to a risk model and electronically generating a score for the applicant from an output of the risk model; and determining whether to open the financial account based on the score.

Walker discloses a system and method for on-line processing of credit applications. The system includes a financial network terminal 14, a front-end processing and communications system 16, and an ACAPS processing system 26, which accesses various databases. Walker, col. 12, lines 36-48; FIGS. 1A-1B. A local branch representative ("LBR") 12 enters applicant data and the requested credit product. Id., col. 13, lines 5-12. The entered data is transferred to the ACAPS system 26 for on-line review and approval decision processing. Id. at lines 13-18.

The ACAPS system 26 accesses existing customer information stored in databases 18, 20, and 22 to determine a relationship code, which is used to identify price offers for the credit products. Id. at lines 19-47. The ACAPS system 26 proceeds to perform a front-end pre-screening process to identify any credit-qualified offers that the LBR 12 can present to the customer 10. Id. at lines 48-67. If the customer 10 accepts any of the offers, the credit qualified offer is converted to a request for credit, which requires on-line credit processing for final decision. Id., col. 14, lines 1-4. The ACAPS system 26 performs a fraud verification, and, if the applicant data passes, the ACAPS system 26 gathers credit bureau reports. Id. at lines 17-27. The ACAPS system 26 performs a disaster/policy screening, and, if the applicant data passes, a disaster response code (e.g., A, B, C, or D) is assigned to the application. Id. at lines 28-36; col. 7, lines 30-50; FIG. 41.

The ACAPS system 26 continues to process the application by performing a debt burden verification, and, if the applicant data passes, a debt burden response code is assigned to the application. Id. The ACAPS system 26 selects the worst response code between the disaster response code and the debt burden response code, which becomes the credit decision subcode. Id., col. 14, lines 47-49; col. 7, lines 30-50. The credit decision subcode or scoring response code is used to determine where the scoring response code falls within certain predetermined turndown cutoff ranges (e.g., Hard Approval, Investigate Reject-1, Investigate Reject-2, or Hard Reject-3) in order to assign a status code (e.g., RA-recommend approval, CA-

conditional approval, CO-counter-offer approval, or RT-recommend turndown) to the application. Id., col. 14, line 47 through col. 15, line 21; FIG. 9. The status code determines whether to accept or reject the application or whether to provide a conditional approval of the application. Id.

If the applicant requests a bankcard, the ACAPS system 26 performs additional processing. Id., col. 15, lines 22-25. The applicant data and requested product information is transferred to the bankcard account fulfillment system ("AFS") 40. If the applicant data passes the AFS 40 requirements, the requested product is assigned a credit limit based on either the application credit score and applicant income or the applicant's bank relationship amount and income. Id. at lines 39-43. The AFS 40 performs a maximum debt burden offer if the assigned credit limit is within a certain range to calculate a credit limit. Id. at lines 45-60; col. 7, lines 58-66; col. 8, lines 5-10. If the applicant 10 is not a student, a non-resident alien or self-employed, the AFS 40 assigns a bank liability balance response code (e.g., A, B, C, or D) to the application. Id., col. 15, line 61 through col. 16, line 15; col. 7, lines 30-50.

The ACAPS 26 selects the better of the liability balance response code and the credit response code as the final response code. Id., col. 16, lines 15-18; col. 7 lines 30-50. Based on the final response code, the automated review of the applicant data, and the scoring response code, the ACAPS 26 presents an automated credit offer decision. Id., col. 16, lines 19-21.

Walker discloses a system that assigns a first alpha response code to disaster screening data and a second response code to debt burden data. The system of Walker selects the worst response code to be the credit decision subcode. The system of Walker assigns a third alpha response code to bank liability data, and the system selects the better of the credit decision subcode and the bank liability response code as the final alpha response code. The system of Walker merely assigns independent response codes to specific data and selects the best or worst response code to be the combined response code (as in the credit decision subcode and the final response code). In other words, in the system of Walker, the specific data is considered independently of other data when assigning the response codes – the data is not combined prior to assigning a response code. Walker does not teach or suggest generating a score for credit bureau data and applicant account information. Again, the system of Walker merely assigns independent response codes to specific data and selects the best or worst response code to be the combined response code.

The Examiner acknowledged on page 6 of the present Office action that "Walker does not explicitly teach the steps of inputting the credit bureau data and the account information to a risk model and generating a score for the applicant from an output of the risk model."

Basch does not cure the deficiencies of Walker. Basch does not disclose a computer-implemented method of automatically evaluating a financial account applicant for a financial institution comprising inputting the credit bureau data and the account information to a risk model and electronically generating a score for the applicant from an output of the risk model; and determining whether to open the financial account based on the score.

Rather, Basch discloses methods and an apparatus for a transaction-based risk prediction system that advantageously assess the financial risk level associated with an account and/or an account holder based on the account holder's transaction pattern and/or transactions pertaining to that account holder across multiple accounts and/or account issuers. Basch discloses a financial risk prediction system (FRPS) 100 for assessing the level of financial risk pertaining to an account and/or account holder based on scoreable transactions. The scoreable transactions are scored against predictive models within FRPS 100 to generate financial risk scores and/or financial risk alerts for the account issuers. Since scoreable transactions more accurately reflect the current financial risk level of a particular account and/or account holder than historical payment data, the use of scoreable transactions in assessing financial risk advantageously enables account issuers to timely receive financial risk scores based on events that impact financial risk rather than on data which are updated only monthly or per billing cycle.

The FRPS 100 can receive data from a variety of data sources to authenticate the scoreable transaction and to facilitate the creation of appropriate predictive model(s). For example, a variety of account/account holder-level ("AAC-level" data) may be received from multiple data sources to facilitate the creation of the predictive models. AAC-level data pertains to data other than financial transaction data (i.e., other than data relating to the exchange of credit for goods, services, cash, or the like which requires authorization and/or clearing or settlement).

FRPS 100 may receive account data from account issuers 102 and public record data from various external public record stores 104 for the authentication of scoreable transactions and/or creation of the predictive models. Credit bureau data may be included in the public record data.

Predictive model generation module 206 represents the module wherein selected non-current AAC-level data (e.g., account data, public records data, and the like) as well as selected

non-current transactional data (e.g., archived authorizations, clearings and settlements, and the like) are employed to create the predictive model(s).

In addition, the credit bureau data is not input to the predictive model since it was already used to create the predictive model. The following paragraph in column 5 of Basch indicates that credit bureau data cannot be included as a scoreable transaction because

> [u]nlike prior art risk prediction techniques which typically employ only historical payment data for financial risk assessment purposes, the present invention advantageously takes advantage of the immediacy of scoreable transactions in assessing financial risks. Since scoreable transactions more accurately reflect the current financial risk level of a particular account and/or account holder than historical payment data, the use of scoreable transactions in assessing financial risk advantageously enables account issuers to timely receive financial risk scores based on events that impact financial risk rather than on data which are updated only monthly or per billing cycle.

Id., col. 5, lines 17-29.

To further support Applicant's argument that credit bureau cannot be included as a scoreable transaction, Basch, consistent with the recited paragraph above, states

> The data kept by credit bureaus is significantly dated since data from the various account issuers is typically not updated with the credit bureaus until after the end of each billing cycle (which may be, for example, monthly or quarterly). Accordingly, the credit bureaus typically do not have accurate or adequate data pertaining to the credit performance of a particular account holder in between reporting periods. Since credit bureau scores are not based on financial transaction data, a credit bureau would not be able to, for example, warn account issuers that certain accounts an/or account holders are at risk based on the recent transactions.

Id., col. 2, lines 21-32.

Clearly, credit bureau data is not input to the predictive model to generate a risk score based on the above discussion. Furthermore, Basch specifically discusses that credit bureau data is too old to properly assess risk of an existing account.

Basch also does not disclose that the FRPS 100 is used to evaluate an applicant for a new financial account. Rather, Basch focuses on assessing risks involved for existing accounts based on relatively current transaction data.

The Examiner cites to specific sections of Basch to indicate that credit bureau data is input to the predictive model, however, a review of each of these sections does not so indicate. The credit bureau data may be input to FRPS 100, but the credit bureau data may only be used

to help generate the predictive models. There is no mention in Basch that credit bureau data is input to the predictive model along with account information to generate a score.

In addition, the combination of Walker and Basch is not obvious. Walker focuses on assessing risk of an applicant before opening an account while Basch focuses on assessing risk of an applicant after an account has been opened and monitoring the applicant's use of the account. In addition, Basch specifically indicates that credit bureau data is too old to use in assessing risk for purposes of the FRPS 100 system, while Walker relies on credit bureau data in assessing risk using the ACAPS system.

For at least the reasons discussed above, Walker and Basch do not disclose the subject matter of Claim 1. Accordingly, independent Claim 1 is allowable. Claims 2-8 and 40 depend from independent Claim 1 and are allowable for the same and other reasons.

Walker and Basch also do not disclose the subject matter of amended independent Claim 9 for at least the reasons discussed above with respect to Claim 1. As noted above, Walker and Basch do not disclose inputting the credit bureau data and the account information to a risk model and generating a score for the applicant from an output of the risk model. Accordingly, independent Claim 9 is allowable. Claims 26-32 depend from Claim 9 and are allowable for at least the reasons Claim 9 is allowable.

With respect to Claims 6-8 and 30-32, the Examiner has taken Official Notice that the steps of performing a preliminary database search, denying the applicant if the preliminary database search establishes that the applicant had prior problems with their accounts or obtaining one are old and well known in the art.

Applicant respectfully disagrees and requests the Examiner to provide prior art indicating that this claimed subject matter is old and well known in the art.

<u>CONCLUSION</u>

In view of the foregoing, entry of this Amendment and allowance of the pending claims are respectfully requested. The undersigned is available for telephone consultation during normal business hours.

Respectfully submitted,

/julie a. haut/

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